



Proposed Sale of State Farm Ground

ISSUE

This **Issue Review** provides an update on the proposed sale of State land as defined in S.F. 2088 (Government Reorganization and Efficiency Act) Section VIII.

AFFECTED AGENCIES

Departments of Corrections, Human Services, Administrative Services, and Natural Resources

CODE AUTHORITY

Senate File 2088 and S.F. 2378

BACKGROUND

Senate File 2088 requires the Department of Administrative Services (DAS) to conduct a property inventory, review State office leases, and submit a report to the General Assembly by January 11, 2011. The Act requires the DAS to recommend the sale of property and explore options for selling State property and leasing it back to the State.

Senate File 2088 requires the DAS to work with the Department of Human Services (DHS) and the Department of Corrections (DOC) to sell property no longer necessary to the DHS or the DOC. The Act requires the DAS to sell property under its control to maximize the return to the State by June 30, 2011, and deposit the receipts in the State General Fund.

Senate File 2378 (FY 2011 Justice System Appropriations Act) specifies that it is the intent of the General Assembly that the DOC continue farm operations at the same or greater level as exists on June 30, 2011. The DOC is prohibited from renting farmland under its control that is not currently being rented without legislative approval. The DOC is required to provide meaningful job opportunities for inmates employed on the farms.

While the sale of land was not specifically cited in the Governor's Executive Order #20, it was included in the Iowa Efficiency Review Report submitted by Public Works (consultants retained by Governor Culver to improve government efficiencies). The consultants estimated land could be sold to generate a net receipt of \$13.8 million. This estimate was based on selling approximately 2,000 acres that is currently under control of the DOC or the DHS (\$9.2 million), and selling surplus land owned by other state agencies (\$4.6 million). This **Issue Review** focuses on the sale of farmland owned by the DOC and DHS.

CURRENT SITUATION

The DAS is conducting a property survey of State-owned land and leases. The DAS is in the process of the land inventory. Additional land may be identified once the DAS completes the inventory.

The DHS identified two small parcels of less than five acres each that could be sold. These parcels are at Independence (old sewer plant) and Glenwood (approximately two acres). Easements would be required on at least one of the parcels. The DOC indicated it has no farm land available for sale.

The DOC is responsible for 10 farms listed in **Attachment 1**, including the management of four farms owned by the DHS. The farms are managed by Iowa Prison Industries (IPI) and maintained on a cash-based accounting system. Code Section 904.706 created the Farm Account Revolving Fund, and profits and losses generated by the prison farms flow through this Fund. All income generated from renting DHS farms is deposited in the Farm Account Revolving Fund. Refer to **Attachments 2** and **3** for balance sheets and income statements for calendar years (CY) 2004 through 2009. No State appropriations support the prison farms; they must generate a net profit to remain in business.

Financial Analysis

Net income for the farm operation over the last six years has varied widely, depending on market and weather conditions. The average net income across the last six years was \$92,595. The financial stability of the Farm Account Revolving Fund is tenuous. Iowa Prison Industries is dependent on rent income to offset the losses associated with operating the farms. Rent receipts were \$342,720 in CY 2009 from the following farms:

IPI CY 2009 Rent Receipts by Location	
<u>Location</u>	<u>Amount</u>
Clarinda	\$ 2,780
Eldora	40,564
Fort Madison	25,399
Glenwood	30,885
Independence	12,144
Newton	122,341
Rockwell City	1,635
Woodward	106,972
Total	<u>\$342,720</u>

Rent receipts will decrease by approximately \$70,000 in CY 2010 due to:

- Glenwood is no longer included in the farm program.
- Farm One at Fort Madison is no longer available due to construction of a new prison.
- The amount of acres available for rent at Mitchellville has been permanently reduced due to construction of additional prison beds.

Since CY 2007, IPI has paid the property taxes on rented ground. Prior to CY 2007, no property taxes were assessed. In CY 2009, local county property taxes paid were \$43,244.

Costs of the farm operation are driven by:

- Eight of the nine staff funded by the Farm Account Revolving Fund are included in the collective bargaining unit; therefore, they receive overtime, standby, and callback pay. This increases personnel costs as farming in Iowa is seasonal.
- Iowa Prison Industries attempts to operate the farms in the traditional manner, i.e., using highly mechanized equipment. Most inmates do not know how to operate or repair the equipment. Inmates that work on the farms are low security risks, and generally have a short length of stay in prison. This short length of stay hinders the ability to train inmates on use and repair of farm equipment.

The row crops raised on prison farms are sold on the open market or used to feed livestock. The standard practice is for cattle to be sold on the open market. In recent years, IPI has worked with local county extension offices and ISU Extension Services to develop organic farming operations.

The DOC rents 42 acres at Farm Three at Fort Madison and two acres at Rockwell City to the Department of Natural Resources (DNR) for the State nursery. The 28E agreement expires June 30, 2021. Private sector pasture leases run from May 1 to October 1 of the calendar year. Private sector crop ground leases and the lease with Clarinda Youth Corporation run from March 1 to February 28 or 29.

The barns at Farm One at Anamosa are listed on the National Register of Historic Places. This may impact the value of the property.

The Farm Account Revolving Fund has been used as an alternative funding source for the inmate educational program in FY 2003 (\$160,000) and FY 2008 (\$40,000).

Inmate Labor

Inmate labor on a prison farm provides an option for the DOC to meet Iowa's Hard Labor Law (Code Section 904.701). During FY 2010, there were 64 inmates employed full-time in farm operations. Work at the DNR nursery is seasonal. There were approximately 25 inmates working part-time for eight months at the DNR nursery, and eight inmates working part-time the other four months. Examples of work include mending fences and dikes, walking organic bean fields, washing produce, clearing farm ditches, maintaining culverts, checking cattle for water and feed, and rotating cattle between pastures. They also maintain the equipment and buildings. Offenders working on DNR projects tend to trees and shrubs.

Prison Construction and Beds

During the 2008 Legislative Session, the General Assembly authorized the construction of a new maximum-security prison at Farm One at Fort Madison, and expansion of the Iowa Correctional Institution for Women at Mitchellville.¹ Both construction projects are being built on existing land owned by the State. This lowers the overall costs of the construction projects.

¹ For more information see the *Issue Review* titled [Corrections Construction and Capacity](#).

Also, Farm Three at Fort Madison has 100 minimum-security beds currently vacant due to budget constraints. Maintaining the farm provides future options to add prison beds to an overcrowded system at a relatively inexpensive cost.

ALTERNATIVES

There are several alternatives to consider for increasing General Fund receipts:

- Sell the farmland located at DHS facilities that is currently rented.
- Sell all of the farmland, both rented and operated.
- Maintain the current operations.

Additional alternatives may exist, such as renting all the farm ground and depositing the receipts in the General Fund. However, the issues surrounding those alternatives, such as maintenance of fences, liability of the State, and impact on inmate work programs, are beyond the scope of this *Issue Review*.

There are issues to consider with each of the three options listed above:

- Sale of land will result in a one-time source of revenue for the General Fund.
- The State is competing with the private sector on the open market in regard to the sales price of crops and cattle, as IPI farms sell on the open market. Selling the farm land would eliminate the State's competing with the private sector.
- The State would eliminate an inmate work program that is self-supporting. The Farm Account Revolving Fund does not receive any State appropriations. However, in order to be self-supporting, approximately 38.2% of the crop and pasture acres must be rented to generate receipts to offset operating losses.
- Selling any land is a one-time source of revenue. Selling the rented land would probably result in bankrupting the Farm Account Revolving Fund. According to the IPI, plus a review of the financial statements, the Farm Account Revolving Fund is dependent on cash receipts from rented land to offset operating losses.
- Eliminating the Farm Account Revolving Fund eliminates future funding alternatives for inmate education.
- Approximately 1.0% of the inmate population works in the farming operation. Selling the operating farms will decrease inmate employment at a time when the inmate population is high (on December 2, 2010, the prisons were operating at 123.1% of capacity). Iowa Prison Industries' receipts for traditional Industries and the Private Sector Program are also declining, primarily due to economic conditions. This decline further limits opportunities for inmate employment.
- Senate File 2378 (FY 2011 Justice System Appropriations Act) encourages labor-intensive farming or gardening where appropriate; using inmates to grow produce and meat for institutional consumption; researching the possibility of instituting food canning and cook-and-chill operations; and exploring opportunities for organic farming and gardening, livestock ventures, horticulture, and specialized crops. Expanding current gardens could reduce the General Fund cost of food for the prisons. This opportunity for future cost containment would be lost if the farmland is sold.
- According to the DOC and the DHS, buffer zones need to be maintained around their facilities for security purposes. Farmers that currently rent land from the IPI operate under certain security restrictions. The amount of acres for sale cannot eliminate or reduce these buffer zones.

- According to the DOC and the DHS, the sale would most likely require multiple easements and covenants for items such as fences, dikes, cemeteries, sewers, and drainage lines. Restrictive covenants and easements limit future potential use for buyers, and may reduce the sale price.
- Selling the farmland reduces the amount of land available for potential future expansion or replacement of existing DOC and DHS facilities.
- Selling the farmland eliminates the State's options for alternative future uses, such as parks or economic development. For example, the General Assembly transferred the Glenwood farm from IPI and the DHS to the DNR for archeological preservation during the 2009 Legislative Session.

BUDGET IMPACT

Surrounding States

The LSA staff contacted surrounding states regarding the potential sale of state-owned land. Missouri indicated it sold 654 acres of pasture in 2007 at a net of \$1.7 million. The ground was located on the outskirts of Jefferson City, and was considered prime residential development land. However, the sale occurred near the peak of the residential real estate market. As of September 2010, that ground has not yet been developed.

Missouri's Office of Administration hired a real estate consultant that solicited bids through a Request For Proposals (RFP) process. The successful bidder paid the consultant 5.0% of the successful bid. The land was conveyed with a quitclaim deed. The Office of Administration has a fund available for expenditures related to real estate sales, including the cost of surveying the land and updating the abstract. The Office indicated it takes approximately one year to ready state property for sale.

The length of time to sell the land is dependent on the number of acres and locations involved, costs of surveys, appraisals, abstracts, the payment mechanism, and the process used to administer any proposed sale. The surveys, legal work, and any proposed sales in Iowa could be handled through a competitive bid process, or administered through the DAS with assistance provided by the Attorney General's Office. It is not known whether the DAS and Attorney General's Office have current sufficient resources to administer any land sales.

Iowa

The FY 2011 General Fund balance sheet includes \$13.8 million of revenue to be generated from the land sales in FY 2011. However, it is unlikely the two parcels that have been identified to date will be sold in FY 2011, and will not result in \$13.8 million of revenue.

Listed below is the estimated amount of gross receipts for the three alternatives listed above. Information from the Iowa State University 2009 farmland price survey for per-acre price was used. It provides values for high, medium, low, and average value cropland by region and average value by county. The medium price was applied to the number of good quality acres, adjusting for the average price by region and county versus region. For the lower quality acres, the low region value was applied, also adjusting that low value for the ratio of county average to the region average for all acres.

Attachment 1 shows 4,889.1 acres under the control of the DOC and DHS. These acres were adjusted downward to 3,938 acres as follows:

- Subtracted 200 acres from pasture at Anamosa to provide a buffer zone around the prison and potential future construction.
- Subtracted 237.2 acres from Fort Madison because ground at Farm One is dedicated to construction of the new maximum-security prison.
- Subtracted 200 acres from pasture at Newton for a buffer zone. This excludes the hay barn from the sale.
- Subtracted 50 acres from crop ground at Rockwell City for a buffer zone.
- Subtracted 20 acres from Clarinda for the athletic field currently rented by the Clarinda Youth Corporation.
- Subtracted 200 acres at Woodward for a buffer zone.
- Subtracted 44 acres that are currently rented to the DNR for the State nursery at Fort Madison and Rockwell City. Whether or not the State operates a nursery is beyond the scope of this *Issue Review*.
- No land under the control of the DNR at Glenwood is included in the acreage amount.
- There are two acres available for sale at Glenwood; this land is under the control of the DHS.

Based on the adjustments above, the net amount of acres proposed for sale is 3,938.

Assumptions

1. Any transfer of land will be by quitclaim deed. Any deeds will include restrictive covenants as to future use. Property will be sold "as is" with the buyer accepting responsibility for any future environmental issues not known at time of sale.
2. Easements will be required for access to items such as cemeteries, sewer lagoons, and water lift stations.
3. Restrictive covenants regarding future uses of the land available for sale will be required as a condition of sale.
4. The ground at Newton is subject to flooding. A dike is maintained by inmates to prevent flooding of crop ground. The sale will include transfer of, responsibility for, liability, and maintenance of the dike.
5. Cost of surveys, updates to abstracts, legal costs, and any other administrative costs related to the sale of land will be deducted from the gross proceeds of the sale.
6. There are nine staff currently employed by the IPI Prison Farms. They have no transfer rights to other government positions. They will either retire or collect unemployment. These costs will be incurred against the Farm Account Revolving Fund.
7. Code Section 562.7 requires notice to renters of the pending sale by September 1, 2011. Any land sale could specify the rental agreement continues until all crops are harvested.
8. Preparation of the sale (land survey, update of abstract, appraisal) will begin in CY 2011.
9. No estimate is made for selling farm assets such as equipment, livestock, feed, etc. Proceeds, if any, will be deposited in the Farm Account Revolving Fund.
10. Sale of any land may occur across several fiscal years beginning in FY 2012 and ending in FY 2014. Net proceeds will be deposited in the State General Fund.
11. If the State were to sell off all the farmland, administrative costs such as updating the land survey and abstract could be accrued against the Farm Account Revolving Fund.
12. After all assets are sold, the Farm Account Revolving Fund will be repealed. Any funds remaining in the Revolving Fund will be transferred to the General Fund.

Calculations

Please refer to **Attachment 4** for the calculation detail for the following estimates.

Alternative One, selling currently rented DHS farmland may generate approximately \$4.2 million in gross receipts for the State. This figure is based on selling 1,016 acres at four locations (Eldora, Clarinda, Independence, and Woodward). This alternative will most likely have a negative impact on the long-term viability of the farming operations because this inmate work program is dependent on rent receipts to maintain financial stability. Also, depending on the buyers' use of the ground, local property taxes may be reduced. This estimate does not include the two small parcels offered by the DHS because it is not farm ground.

Alternative Two, selling all farmland may generate approximately \$13.6 million in gross receipts. This figure is based on selling 3,938 acres at nine locations. This alternative eliminates the farming operation and a self-funded inmate work program. Also, depending on the use of the ground by the purchaser, local property taxes may be reduced.

Alternative Three, maintaining the current operations would not provide any receipts to the General Fund.

The above estimates for **Alternatives One** and **Two** are based on current information and estimated acres available for sale. Actual receipts may vary due to fluctuations in both farmland and residential real estate markets, plus the results of any land surveys.

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Iowa Prison Farms

Operating Farms Farm Location	Crop Acres (from certification)	Pasture/Timber/Grass (approx.)	Rented Acres (per lease)	Department of Natural Resources	Wetland	Total
Anamosa	593.0	832.7			8.7	1,434.4
Ft. Madison Farm #1		167.4	69.8			237.2
Farm #3	260.7	210.5		42.0		513.2
Newton	46.0	400.0	809.4			1,255.4
Mitchellville	39.2	10.7 (Grass Area)				49.9
Rockwell City	148.1	2.9	10.0	2.0		163.0
Subtotal	1,087.0	1,624.2	889.2	44.0	8.7	3,653.1
Leased Farms Farm Location						
Eldora		65.2	220.9			286.1
Clarinda			8.0 20.0	Clarinda Youth Corp		8.0 20.0
Independence		3.9	73.0			76.9
Woodward		188.7	656.3			845.0
Subtotal	0.0	257.8	978.2	0	0	1,236.0
Total	1,087.0	1,882.0	1,867.4	44.0	8.7	4,889.1

Notes:

- 1). The farms are managed by Iowa Prison Industries (IPI), and funded through the Revolving Farm Fund.
- 2). Iowa Prison Industries rents land to private sector farmers to generate receipts for the Revolving Farm Fund.
- 3). No State appropriations support the prison farms; they must generate a net profit to remain in business.
- 4). The numbers above do not include acres maintained by the Institutions, such as parking lots, lawns, gardens, or buildings.
- 5). The Department of Natural Resources rents ground for seedlings for the State Nursery and employs offenders. They pay rent to support IPI's upkeep of the ground.
- 6). Rented acres at Farm One at Fort Madison reflect a reduction of 95.3 acres dedicated to constructing the maximum-security prison authorized by the General Assembly in 2008.
- 7). Crop acres at Mitchellville reflect a reduction of 75 acres for the construction project authorized by the General

Source: Iowa Prison Industries

**IPI Prison Farms
Balance Sheets**

Attachment 2

	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009
ASSETS						
Current Assets						
Cash per State Comptroller	\$ 590,301	\$ 610,555	\$ 472,670	\$ 528,825	\$ 234,368	\$ 419,144
Accounts Receivable	6,694	4,775	6,241	5,262	77,717	23,013
Chemicals, Seeds, Other-Inv.	486	1,203	558	1,127	956	1,887
Crops in Process-Inventory	0	2,870	337	0	35,607	31,479
Grains/Feed-Inventory	227,289	245,113	343,087	542,116	540,347	487,591
Livestock-Inventory	322,729	322,381	335,087	346,501	354,776	357,382
Total Current Assets	1,147,499	1,186,897	1,157,980	1,423,831	1,243,771	1,320,496
Fixed Assets						
Automobiles & Trucks						
Accumulated Depreciation	(69,015)	(62,890)	(79,373)	(83,125)	(92,923)	(58,123)
Original Cost	81,298	86,805	86,805	86,805	146,600	117,637
Total Automobiles & Trucks	12,283	23,915	7,432	3,680	53,677	59,514
Farm Buildings						
Accumulated Depreciation	(441,137)	(480,571)	(523,311)	(567,674)	(611,578)	(613,520)
Original Cost	759,892	820,611	862,406	920,056	1,054,952	1,030,798
Total Farm Buildings	318,755	340,040	339,095	352,382	443,374	417,278
Mach/Equip/Purch Breeding Stock						
Accumulated Depreciation	(464,388)	(504,556)	(526,207)	(603,142)	(675,772)	(692,248)
Original Cost	930,789	1,000,458	1,187,377	1,195,352	1,361,072	1,327,710
Total Mach/Equip/Purch Breeding Stock	466,401	495,902	661,170	592,210	685,300	635,462
Total Fixed Assets	797,439	859,857	1,007,697	948,272	1,182,351	1,112,254
Other Assets						
Due from State Veh Dispatcher	58,739	34,817	33,654	33,000	0	0
Land	430,203	430,203	430,203	430,203	430,203	430,203
Lease Receivable	6,307	6,307	(1,100)	0	0	(220)
Prepaid Expenses	69,548	72,012	83,797	91,251	98,905	92,233
Total Other Assets	564,797	543,339	546,554	554,454	529,108	522,216
TOTAL ASSETS	2,509,735	2,590,093	2,712,231	2,926,557	2,955,230	2,954,966
LIABILITIES & EQUITY						
Current Liabilities						
Accounts Payable	\$ 31,757	\$ 28,641	\$ 20,969	\$ 8,527	\$ 14,501	\$ 14,892
Deferred Revenue	56,584	53,671	62,325	62,228	57,531	50,919
Deferred Revenue - FEMA						11,707
Total Current Liabilities	88,341	82,312	83,294	70,755	72,032	77,518
Long Term Liabilities						
Accrued Sick Leave Term/Ret Pay	2,153	2,153	2,153	2,153	2,153	2,153
Accrued Vacations Payable	27,792	33,892	35,251	42,527	49,364	51,918
Total Long Term Liabilities	29,945	36,045	37,404	44,680	51,517	54,071
Total Liabilities	\$ 118,286	\$ 118,357	\$ 120,698	\$ 115,435	\$ 123,549	\$ 131,589
Equity						
Opening Bal Equity	\$ 2,267,806	\$ 2,391,449	\$ 2,471,736	\$ 2,591,533	\$ 2,811,122	\$ 2,831,681
Net Income	123,643	80,287	119,797	219,589	20,559	(8,304)
Total Equity	\$ 2,391,449	\$ 2,471,736	\$ 2,591,533	\$ 2,811,122	\$ 2,831,681	\$ 2,823,377
TOTAL LIABILITIES & EQUITY	\$ 2,509,735	\$ 2,590,093	\$ 2,712,231	\$ 2,926,557	\$ 2,955,230	\$ 2,954,966

Source: Iowa Prison Industries

**IPI Prison Farms
Profit & Loss Statement**

Attachment 3

	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009
Income						
Revenue						
Other Income	\$ 5,043	\$ 20,374	\$ 21,340	\$ 5,174	\$ 11,460	\$ 54,684
Interdepartmental Revenues	17,160	30,039	27,978	14,050	35,050	27,783
Other Farm Income	388,409	372,637	402,298	391,277	436,562	481,291
Sale of Livestock Purchased	33,513	24,160	22,788	19,412	30,925	12,132
Sale of Livestock Raised	181,748	215,806	201,448	210,622	198,236	207,545
Sale of Organic Crops	0	0	581	3,313	17,457	12,801
Sale of Produce & Crops Raised	180,427	193,043	199,819	290,407	481,816	531,371
Total Revenue	\$ 806,300	\$ 856,059	\$ 876,252	\$ 934,255	\$ 1,211,506	\$ 1,327,607
Expense						
Admin. Travel Expense	\$ 272	\$ 204	\$ 1,109	\$ 48	\$ 1,954	\$ 0
Administrative Depreciation	528	528	464	0	0	0
Administrative Salaries	60,442	66,503	69,084	74,538	87,694	84,364
Advertising	0	387	122	19	429	48
Auto/Truck Expense	7,866	15,032	12,558	7,759	13,485	13,923
Breeding Fees	945	893	894	873	996	1,370
Bull Rental	0	0	0	0	2,880	3,335
Conservation & Land Clearing	15,052	1,856	3,087	4,427	12,475	71,021
Cost of Sales						
Chemicals, Seeds & Other - Inv.	(165)	(717)	645	(569)	171	(931)
Civilian Salaries	240,691	261,131	274,811	300,964	350,853	366,804
Crops In Process - Inventory	0	(2,870)	2,534	336	(35,606)	4,127
Feed Purchased	22,396	46,020	42,821	51,090	67,869	64,057
Fertilizers, Lime & Chemicals	53,345	72,288	68,856	87,098	116,093	140,098
Grains/Feeds Inventory	(29,902)	(17,824)	(97,974)	(199,030)	1,769	52,756
Labor Hired (Inmate)	10,209	6,760	6,717	6,949	6,957	6,939
Livestock - Inventory	(13,102)	349	(12,707)	(11,413)	(8,274)	(2,606)
Livestock Purchased	33,816	29,646	50,501	23,742	46,994	14,488
Organic Fertilizer	0	0	3,831	2,199	4,947	10,077
Organic Labor Hired (Inmate)	1,301	349	259	334	361	281
Organic Seeds & Plants Purchased	1,506	2,870	338	1,273	0	1,112
Seeds & Plants Purchased	17,744	26,988	21,414	32,629	44,764	56,904
Total Cost of Sales	\$ 337,839	\$ 424,990	\$ 362,046	\$ 295,602	\$ 596,898	\$ 714,106
DAS Utility Billing	0	1,901	2,040	2,003	1,800	2,061
Depreciation Expense	120,094	130,614	143,766	141,252	155,612	174,472
Donation - TRF Horse Program Newton	0	0	10,000	0	0	0
Freight & Trucking	4,849	3,794	7,948	4,616	7,427	5,494
Gas, Fuel, & Oil	16,679	26,886	28,318	36,210	45,140	31,743
Inmate Medical Expense	0	5,843	0	0	0	0
Insurance	0	0	0	0	22,423	20,091
Machine Hire	31,539	35,418	31,903	38,908	65,163	65,012
Machine Lease & Rental	3,011	1,997	2,192	4,060	3,135	3,381
Miscellaneous Expense	13,525	12,015	13,400	8,420	1,054	2,340
Office Supplies/Postage Expense	1,369	1,099	1,092	2,184	2,148	2,561
Organic Conserv & Land Clearing	0	0	740	0	0	0
Organic Fees	0	0	450	450	450	450
Total Other Expense	1,845	1,400	13,479	11,638	292	10,121
Other Organic Selling Expenses	0	0	3	0	0	0
Other Selling Expenses	5,375	5,608	6,468	7,163	8,250	14,844
Property Taxes	0	0	0	21,022	44,098	43,244
Repair to Buildings	5,963	2,311	3,262	3,172	3,648	857
Repair to Machinery	15,367	12,476	9,544	10,456	13,736	20,300
Storage/Warehousing	2,841	3,077	3,615	6,433	7,452	4,421
Supplies Purchased	20,869	8,646	15,962	15,327	27,609	26,159
Survey Expense	0	0	0	0	4,335	0
Telephone Expense	3,890	1,834	1,776	1,809	2,164	2,283
Travel Expense	302	222	206	136	1,092	94
Unusual Expense	0	0	0	0	40,000	0
Utilities	3,296	3,056	2,694	5,597	6,606	5,680
Veterinary Fees & Medicine	8,899	7,181	8,233	10,544	10,503	12,136
Total Expense	\$ 682,657	\$ 775,771	\$ 756,455	\$ 714,666	\$ 1,190,948	\$ 1,335,911
Net Income (Loss)	\$ 123,643	\$ 80,288	\$ 119,797	\$ 219,589	\$ 20,558	\$ (8,304)

Notes:

- 1). The DOC transferred \$40,000 to the Corrections Education Account in CY 2008. This is listed as an unusual expense.
- 2). The 2009 cash balance includes \$11,707 from FEMA that is to be used solely for 2008 flood damage expenses.
- 3). The General Assembly transferred management of the Glenwood farm to the Department of Natural Resources in 2009. The loss of rent receipts to the Farm Account Revolving Fund was \$18,774.

Iowa Prison Farms Calculation for Potential Sale

Attachment 4

Operating Farms	Crop Acres (certification)	Pasture/Timber Grass/(approx.)	Rented Acres (per lease)	Wetland	Total	Total Acres		Projected Dollars for Sale			Price Per Acre		Calculation of Price Per Acre						
						Crop Acres	Other Acres	Crop Acres	Other Acres	Total	Crop	Other	Region				County		
													High	Medium	Low	Region Average	County Average	Average % of Region Average	Adjustment
Anamosa	593.0	632.7		8.7	1,234.4	593.0	641.4	\$ 2,374,469	\$ 1,863,649	\$ 4,238,118	\$ 4,004	\$ 2,906	\$ 5,738	\$ 4,465	\$ 3,240	\$ 4,796	\$ 4,301	89.7%	100.0%
Ft. Madison Farm #3	260.7	210.5			471.2	260.7	210.5	919,891	479,273	1,399,164	3,529	2,277	5,306	3,535	2,281	3,832	3,825	99.8%	100.0%
Newton	46.0	200.0	809.4		1,055.4	855.4	200.0	2,558,407	415,160	2,973,567	2,991	2,076	5,939	4,615	3,203	5,026	4,343	86.4%	75.0%
Mitchellville	39.2	10.7			49.9	39.2	10.7	169,822	32,292	202,114	4,332	3,007	5,939	4,615	3,203	5,026	4,718	93.9%	100.0%
Rockwell City	98.1	2.9	10.0		111.0	108.1	2.9	556,707	10,819	567,526	5,150	3,692	5,552	4,371	3,134	4,652	5,481	117.8%	100.0%
Subtotal	1,037.0	1,056.9	819.4	8.7	2,922.0	1,856.4	1,065.6	\$ 6,579,296	\$ 2,801,193	\$ 9,380,489									
Leased Farms																			
Eldora		65.2	220.9		286.1	220.9	65.2	\$ 1,008,095	\$ 206,509	\$ 1,214,604	4,564	3,167	5,939	4,615	3,203	5,026	4,970	98.9%	100.0%
Clarinda			8.0		8.0	8.0	0.0	24,318	0	24,318	3,040	2,052	4,539	3,386	2,286	3,559	3,195	89.8%	100.0%
Independence		3.9	73.0		76.9	73.0	3.9	337,630	13,667	351,297	4,625	3,504	5,349	4,193	3,177	4,464	4,924	110.3%	100.0%
Woodward		188.7	456.3		645.0	456.3	188.7	2,035,854	584,323	2,620,177	\$ 4,462	\$ 3,097	5,939	4,615	3,203	5,026	4,859	96.7%	100.0%
Subtotal	0	257.8	758.2	0	1,016.0	758.2	257.8	\$ 3,405,897	\$ 804,499	\$ 4,210,396									
Total	1,037.0	1,314.7	1,577.6	8.7	3,938.0	2,614.6	1,323.4	\$ 9,985,193	\$ 3,605,692	\$ 13,590,885									

- Notes:
- 1) High/Medium/Low/average are for the multi-county region map.
 - 2) County average is for that county and from the average-by-county map.
 - 3) County average as a percent of region average adjusts the High/Low value to account for county differences.
 - 4) The adjustment factor allows application of a discount or premium to all the property at that site for cases where the land is not average.

Source: 2009 Iowa Land Value Survey.